

July 2, 1998

D.T.E. 97-120-2

Petition of Western Massachusetts Electric Company pursuant to General Laws Chapter 164, §§ 76 and 94, and 220 C.M.R. §§ 1.00 et seq., for review of its electric industry restructuring proposal.

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Limited Participant

## INITIAL ORDER ON PROPOSED TARIFFS

### I. PROCEDURAL HISTORY

On December 31, 1997, Western Massachusetts Electric Company ("WMECo" or "Company") submitted an electric industry restructuring plan ("Plan") to the Department of Telecommunications and Energy ("Department") for review. On February 19, 1998, the Department issued an Initial Order, subject to further review and reconciliation, approving the Company's Plan.<sup>1</sup> Western Massachusetts Electric Company, D.T.E. 97-120 (1998). On May 15, 1998, the Company submitted Proposed Amendments to the Plan,<sup>2</sup> and on May 22, 1998, the Company supplemented the Proposed Amendments with requests for interim rulings related to the Proposed Amendments.<sup>3</sup> On June 30, 1998, the Department issued an Interlocutory Order on the requests for interim rulings, and on July 1, 1998, the Company submitted tariffs consistent with the proposal to provide an additional 2.4 percent rate reduction.

### II. PROPOSED TARIFFS

#### A. The Company's Proposal

The Company's Plan provided for a 10 percent rate reduction from the rates that, but for a settlement credit which expired on February 28, 1998, would otherwise have been in effect in August of 1997. In the proposed tariffs, the Company proposes to reduce rates a further 2.4

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<sup>1</sup> Tariffs in compliance with the Department's Initial Order were approved on March 3, 1998.

<sup>2</sup> The Proposed Amendments address the (1) divestiture of non-nuclear generation facilities, (2) valuation and divestiture of nuclear facilities, (3) standard offer service procurement and the backstop obligation, and (4) an additional 2.4 percent rate reduction.

<sup>3</sup> On June 1, 1998, the Department received comments on the Proposed Amendments from the Office of the Attorney General, the Division of Energy Resources, and the Western Massachusetts Industrial Customers Group.

percent. The Company submitted tariffs to implement the additional reduction effective July 1, 1998 including: M.D.T.E. 1000C through 1013C, 1017C, 1018C, 1025C, 1029D, 1032C, and 1033C.

B. Analysis and Findings

The Electric Industry Restructuring Act, Chapter 164 of the Acts of 1997 ("Act") requires a rate reduction of 10 percent for customers choosing standard offer service from the average of undiscounted rates for the sale of electricity in effect during August of 1997, or such other date as the Department may determine. In D.T.E. 97-120, at 15, the Department found that, for the purposes of an initial order, tariffs submitted in compliance with the Department's directives would provide the rate reductions required by the Act. The Department stated that the determination of rates representative of August 1997 is subject to further review and reconciliation. Id. The proposed tariffs provide an additional 2.4 percent reduction from the rates approved by the Department for the sale of electricity. Therefore, the Department finds that the proposed tariffs provide the rate reductions required by the Act, subject to further review and reconciliation.

III. ORDER

Accordingly, after due consideration, it is

ORDERED: That the proposed tariffs of Western Massachusetts Electric Company submitted on July 1, 1998:M.D.T.E. 1000C through 1013C, 1017C, 1018C, 1025C, 1029D, 1032C, and 1033C be and hereby are APPROVED, subject to further review and reconciliation.

By Order of the Department,

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Janet Gail Besser, Chair

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James Connelly, Commissioner

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W. Robert Keating, Commissioner

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Paul B. Vasington, Commissioner